

REDEVELOPMENT AGENCY
of the
CITY OF OREM
May 10, 2016

CONDUCTING	Chair Richard F. Brunst, Jr.
BOARD OF DIRECTORS	Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer
APPOINTED STAFF	Jamie Davidson, Brenn Bybee, Richard Manning, Brandon Nelson, and Jackie Lambert
EXCUSED	Brent Sumner

The Redevelopment Agency (RDA) Meeting convened at 8:06p.m.

APPROVAL OF MINUTES – December 8, 2015

Chair Brunst **moved** to approve the minutes of the December 8, 2015, Redevelopment Agency Meeting. Mr. Seastrand **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer. The motion **passed unanimously**.

SCHEDULED ITEMS

RESOLUTION – Adopting the Redevelopment Agency of the City of Orem (RDA) Fiscal Year 2016-2017 Tentative Budget

The Chief Executive Officer of the Redevelopment Agency of the City of Orem recommended the Board of Directors, by resolution, tentatively adopt the Fiscal Year 2016-2017 Tentative Budget and set a public hearing to adopt the final budget on June 14, 2016, at 6:10 p.m.

On May 10, 2016, the Board of Directors received the RDA Tentative Budget for Fiscal Year 2016-2017. The purpose of this item was to adopt the Tentative Budget and set the public hearing on June 14, 2016 at 6:10 p.m. to adopt the final budget for Fiscal Year 2016-2017.

Mr. Nelson said all but one RDA area in the City had expired, and the only revenues coming from those areas were related to outstanding debt that was issued. Those areas were primarily for parks, and the only area remaining that still had a regular tax increment related to it was project 90-08 which was also soon expiring. Most of the revenues that were associated with the areas were based on the current year because of their expiration dates. He said they were estimating through next year, which estimations were difficult to do without knowing the exact setting for property tax rates. Many revenues listed were best guesses, and there were other impacting factors like assessments that had not been paid and were paid in a later period.

Chair Brunst asked about surplus in RDA areas. Mr. Nelson said that each area had some level of surplus, and some had more than others. Mr. Davidson explained that there were two RDAs along University Parkway where millions of dollars were available. The Wal-Mart area (85-03B) had the largest balance around \$5 million, but each had a surplus balance.

Chair Brunst asked about legal obligations to spend surplus. Mr. Davidson replied that for RDAs created before 1992-1993 there was no sunset provision on when money could be spent. There was less definition tied to these RDAs than there were today. He said they would assume the money was collected specifically for those areas and expenditure of that money would need to have a nexus to those particular areas. At the same time, over the course of a number of years the City made contributions from the General Fund that could or should have been paid out of RDA surplus. They were currently going through a process with Lewis Young Robertson & Burningham, Inc. (Lewis Young) and Ryan Clark, Economic Development Division Manager, to identify those projects and there were opportunities to reimburse the General Fund.

Chair Brunst asked if those amounts were substantial. Mr. Davidson replied that it was those reimbursements that would allow the City to build, for example, the right turn pocket on 400 South or other projects that had economic development needs but were not located in designated RDA areas. They were looking to use those dollars to defray costs on key projects that had not yet come to the point of absolute definition and so were not yet formally proposed. He said that this was part of a larger discussion for the future but the Council would be familiar with the projects, along University Parkway and potential property purchases.

Mr. Nelson showed a graphic of the associated expenditures budgeted for each of the RDA areas. Primarily the remaining budgeted funds were for the debt service component related to the 2002 sales tax and its various refunding since that point. The two main components were the debt service and the administrative fee. He explained that as they neared the end of the debt service some of the funds would need to be used so there would not be as much RDA revenue coming in to cover the debt for a particular period. Some of the surplus funds were being identified to make sure there was enough money to cover the debt. He showed a map graphic of the RDA areas which showed the increase of value for the RDA areas.

Chair Brunst said there were some RDA areas where the values were double, triple, or exponentially higher than what they had been in the 1980s. He said the RDA areas, most of which were large areas of retail sales and business, had been a huge benefit to the City. Mr. Nelson agreed, and said area 85-01 was valued at \$1.5 million and was currently worth \$125 million.

Mr. Manning shared an anecdote of someone who called and requested data about the RDA areas. He stated that in the past the City had been vilified for creating them. He said the requester called him a few days later and indicated that creating RDA areas were not expenses but were rather great investments by the City. Mr. Manning said that beyond the tax revenue the RDA areas created jobs and improved areas of the city, and RDAs would continue to evolve over time.

Mr. Macdonald asked for clarification on the property tax issue, in that those taxes were not going up. Mr. Manning said when an RDA was set up the City got all of the tax increment and every few years it would step down.

Mr. Macdonald clarified that the property taxes were not going up. Mr. Manning explained that with regards to the haircut amount, when an RDA was set up the City got all of the increment and every few years it would step down. They worked their way down, and the difference between those increments went to the schools, the County, and other stakeholders. There was a provision that was no longer available which opened in 2001, where an entity could claim a haircut and the City could recoup up to 100 percent for recreational projects. As a result, the City built 12 new facilities, including the ball fields, the Scera Pool, and various parks; essentially, the City doubled their acreage in parks. Once the money came back from the school district or County, the City was then able to claim that money for the life of the debt, which went through 2023.

Mr. Nelson mentioned that the only remaining RDA agreement was with the Mazda dealership. This agreement would terminate in 2018.

Chair Brunst opened the public hearing. There were no public comments. Chair Brunst closed the public hearing.

Mrs. Lauret said that she had worked in Economic Development for American Fork City, and she thought there could be more education to the public about the great tools that RDAs were for cities. In the right situation, RDAs made a lot of sense; whether it was for job creation or increasing property value. Chair Brunst agreed with Mrs. Lauret's remarks. He said that over a 40 year period, over \$90 million would go to the Alpine School District, in addition to a significant ripple effect that would take place at the mall.

Mr. Manning mentioned that Adobe, Blend Tech, and several other companies had changed the face of Orem. This was a great place to build a business, and many had stayed and employed a lot of people.

Mr. Seastrand **moved** to adopt the Redevelopment Agency of the City of Orem (RDA) Fiscal Year 2016-2017 Tentative Budget and set the public hearing for June 14, 2016. Chair Brunst **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer. The motion **passed unanimously**.

ADJOURN TO A MEETING OF THE SPECIAL SERVICE LIGHTING DISTRICT OF OREM

Mr. Macdonald **moved** to adjourn to a meeting of the Special Service Lighting District of Orem. Mr. Seastrand **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer. The motion **passed unanimously**.

The meeting adjourned at 8:26 p.m.

Donna R. Weaver, City Recorder

Approved: June 14, 2016